



# **BMMP** Business Management Modernization Program

## **Making Transformation Happen**

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**Date: November 30, 2004**

**Arming the Warfighter  
Through Business Improvement**  
[www.dod.mil/comptroller/bmmp](http://www.dod.mil/comptroller/bmmp)





# Who is PA&E and what do we do?

- **"PA&E provides independent analytic advice to the Secretary of Defense"**
  
- **Ask a lot of questions:**
  - What do you want to do?
  - Why do you want to do it?
  - How are you going to do it?
  
- **For BMMP, we've been asking these questions for many of the issues discussed in this brief**



## ➤ **Key Transformation Activities**

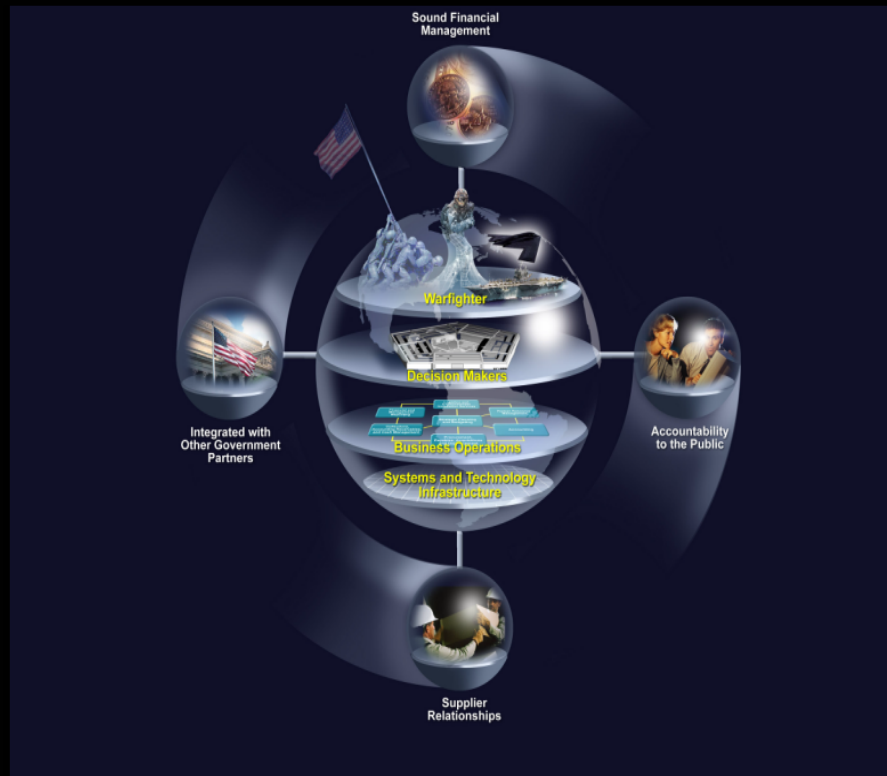
- **Architecture and Functional Capabilities**
- **Requirements vs. Systems**
- **Portfolio Management**
- **Acquisition Strategy**
- **Change Management**
- **Performance Measurement**

## ➤ **Role of Components**

## ➤ **The Road Ahead**



# DoD Transformation: Why Change?



*World-Class Business Operations in Support of the Warfighter*

**“Transformation ... means shifting resources from bureaucracy to the battlefield. Streamlining and modernizing is a matter of life and death, because our job is defending America as well as is humanly possible.”**

**-- Secretary of Defense Donald H. Rumsfeld on DoD Transformation, Town Hall Meeting March 6, 2003**



# Architecture and Functional Capabilities

- **What is an architecture?**
  - Tool for documenting and presenting processes and plans
- **Where are we with the BEA?**
  - Cascading levels of detail: “top level” → Domains → Components
- **Where are we going with the BEA?**
  - “Process model” vs. “activity” model: Describe how the Department does business
- **How can we use it?**
  - “Portfolio Management” / “System Assessments” / “Acquisition Decisions”
- **How should we not use it?**
  - The architecture is not an end unto itself

*Instead of talking about architecture in terms of BEA, let's talk about how an architecture could be useful as a “tool” for use in “planning.”*



# Requirements vs. Systems

- **How can you buy a new system if you don't know what you want it to do?**
  - "You can't buy what you can't define" - IT Program Manager quote
- **How do we identify requirements?**
  - Component needs vs. Domain perspective vs. BMSI leadership
- **What do we need?**
  - Better definition of requirements
  - Better definition of current capabilities
  - This defines the "gap" we need to address
- **How do we get these?**
  - EBPM is the right path to define processes and requirements
  - Need to write down what we have and what we need ("Domain ICDs")
  - Domains and Components *together* need to evaluate what we can do now
  - All Domains need to work together to determine approaches that don't duplicate effort



# System Assessments

## ➤ Project Management Basics – David M. Rabb, *DMReview*

- “. . . the best advice I could give had nothing to do with formal project management theories and everything to do with common sense.  
**Focus first on business process, not on systems.”**
- “Yet, **we often see cursory requirements lists** that look as though they were slapped together in a few moments – presumably on the theory that it was more important to get started on the real work of vendor research or system development.”
- “It really comes back to the focus on business process –  
**you can’t just install new systems and hope they get adopted.”**

## ➤ Nestle CIO

- Nestle CIO says if doing it over again “she’d **focus on changing business processes** and achieving universal buy-in, and then and only then on installing software. If you try to do it with a system first, you will have an installation, not an implementation, and **there is a big difference between installing software and implementing a solution.”**

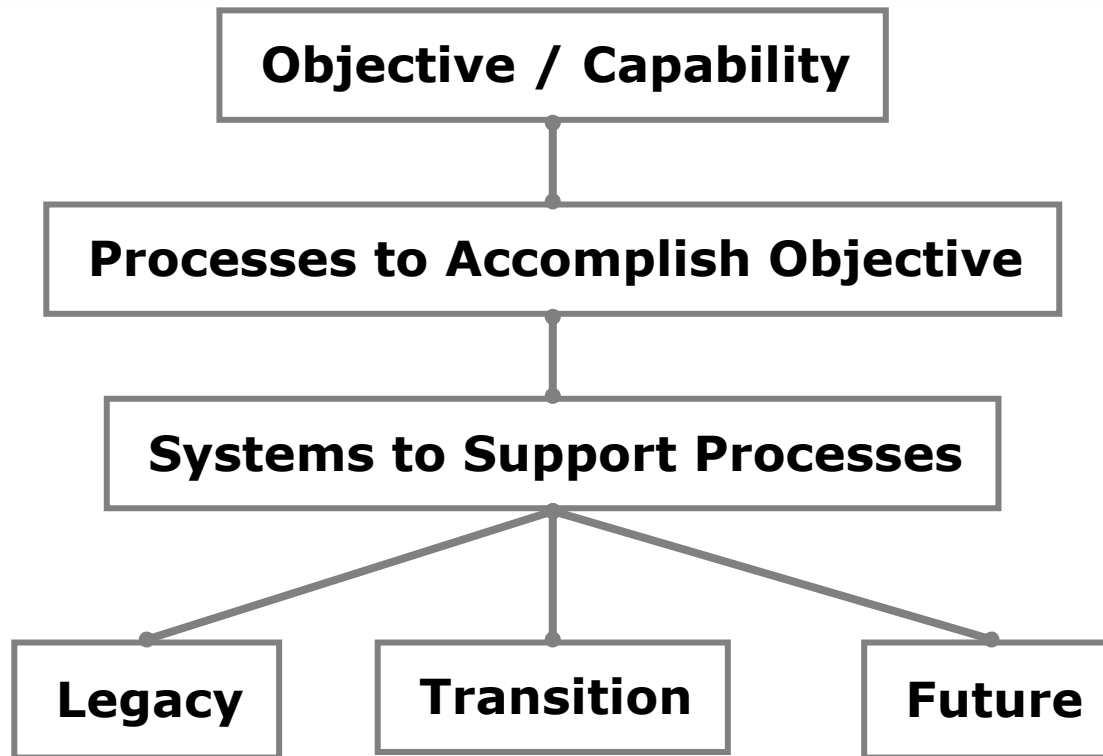


# Portfolio Management – What do we mean?

- **What do people mean by “Portfolio Management”?**
  - Reduce number of systems?
  - Perform system assessments?
  - Achieve some level of capability?
  
- **“Prioritize technology investments based upon desired capabilities in compliance with the BEA”**
  - Prioritize investments: How?
  - Desired capabilities: Where do we find these?
  - Compliance with the BEA: How do we measure this?
  
- **“Assess core and non-core financial management systems”**
  - How?
  - Based on what?



# Portfolio Management



**Elements of EBPM**

**Domain Architectures**

**We know these today,  
at the top level**

***Then, Portfolio Management is answering:  
Do the systems properly align to support the processes needed  
to accomplish the objective?***



# Portfolio Management – PA&E Perspective

## ➤ If Components and Domains have:

- A good, well-documented understanding of their processes
- A good well-documented understanding of the shortfalls in their processes
- A good grasp of the major (for now) systems that support those processes

## ➤ Then,

- They can evaluate the proper mix and synchronization of systems

## ➤ The work accomplished in this definition of “Portfolio Management” also covers System Assessments and supports Acquisition Strategy



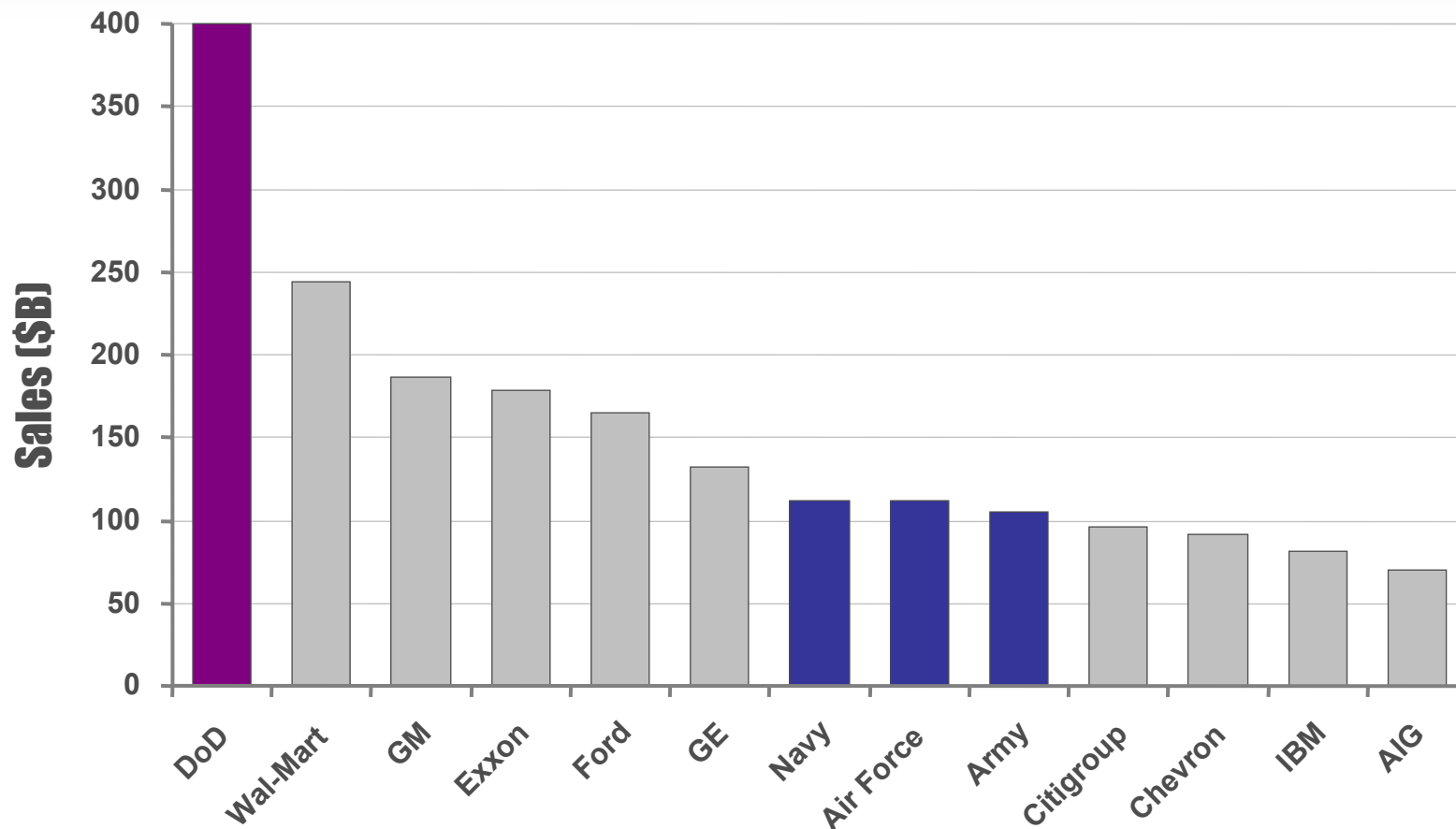
# Acquisition Strategy

- **Can't we just buy a single ERP and declare success? **NO.****
- **How do we transition from today to tomorrow?**
  - How do we use what we know (architecture) to guide acquisitions?
  - What acquisition decisions should we make now to move in the right direction?
- **How do we improve the acquisition process to support transition?**
- **These questions must be addressed in an environment of conflict**
  - Streamlined acquisition vs. Defined detailed requirements
  - Component needs vs. Domain oversight
  - Business approaches vs. Government acquisition regulations



# DoD size vs. Top 10 Companies

## Forbes Rating; 2003 Sales Figures



**Individually, the Services would be the 6th largest company in sales.**



# Potential DoD Solution

- **“Confederation” of solutions for appropriate functional areas**
  - Individual improvements are better than none
  - Risk of “Big Bang” solution is that you end up with nothing
- **Align along Services and Agencies**
  - Based on Component, Domain, and BEA processes and architectures
- **Commonality of solution where possible**
  - Portability of modules and objects based on Domain architectures
  - How much can we do?
- **Linkage accomplished via data transfer**
  - Develop, then expand Enterprise Integrated Data Environment
  - Much work needs to be done in this area
- **Upfront recognition of need to link within and across Domains**
- **Need to work together to improve this solution**



# Change Management

- **We've probably done more Change Management than is apparent**
- **OSD and Components working together through Domain structure**
  - Some interaction in place before, but more apparent today
- **Domain influence increased versus previous PSA oversight**
- **Increased overall awareness of need for business improvements**
- **What more do we need to do?**
  - Continue to promote OSD/Component involvement
  - Embrace structured portfolio management process to achieve needed capabilities



# Performance Measurement

- **Still have much to do in this area**
- **BMMP has goals and metrics, but we need to put them to use**
  - Do they guide decisions (vs cited after the fact)?
  - Can we show progress towards meeting the goals?
  - How do we measure progress?
- **Do we have appropriate, operational, performance measures?**
  - Not really
  - Need to look more at “output” metrics → metrics that show we’re doing business better, not just “cheaper” or with “new” systems
- **Reflects lack of requirements definition**
  - “You can’t buy what you can’t define” and “You can’t define what you need if you can’t measure it”



# Role of Components in Transformation

## ➤ What can Components do now?

- Clean up and validate accounting and financial data in support of FY07 unqualified audit opinion
- Analyze changes needed to existing systems and processes to support the Mid-Range Financial Improvement Plan
- Schedule review of SCRs that directly support your financial improvement initiative
- Analyze and budget for software and system integration services for POM 06 and 07
- Begin developing your change management strategy

## ➤ But, before you launch into these efforts . . .

***. . . Be sure you evaluate the requirements!***